

EXHIBIT 5

CASE NAME / NO: 1000283530

CASE AGENT: S/A Trista Merz, IRS-CI

AUDIO RECORDING: 171204_0065.MP3

AUDIO MINUTE DURATION: 01:02:34

DATE: 12 / 04 / 2017

START TIME OF SESSION: 11 : 35 : AM

END TIME OF SESSION: 00 : 00 : 00

SUBJECT INFO: CARLOS KEPKE

DEVICE LOCATION: RECORDING DEVICE WITH SPECIAL AGENT

MATTER TYPE: CONCEALED RECORDING DEVICE (MP3 FILE)

MONITOR: N/A

SPEAKERS:

SPECIAL AGENT #6134, IRS-CI

CARLOS KEPKE

TRANSCRIBER: P & P Language Svcs.

Date: December 12, 2017

TRANSCRIPT EDIT 1: P & P Language Svcs.

Date: December 18, 2016

TRANSCRIPT EDIT 2: P & P Language Svcs.

Date: December 20, 2017

AGENT REVIEW: _____

Date: _____

P&P FINAL REVIEW: _____

Date: _____

DRAFT TRANSCRIPT

1 (AUDIO RECORDING 171204_0065.MP3 – 1:02:34 HOURS)

2 U/C AGENT #6134: ...six, one, three, four (6134), December four (4), two
3 thousand seventeen (2017). The time is approximately
4 eleven thirty-five (11:35) a.m. Answering a call from
5 Carlos Kepke. Eastern Standard Time.

6 (CLICKING SOUNDS)

7 U/C AGENT #6134: Carlos!

8 CARLOS KEPKE: Yes, sir, how you doing?

9 U/C AGENT #6134: I'm great, how 'bout yourself my friend.

10 CARLOS KEPKE: Just-just fine.

11 U/C AGENT #6134: Hey, uh...thanks for squeezing me in. You were very, you
12 were very prompt, I appreciate that.

13 CARLOS KEPKE: My pleasure.

14 U/C AGENT #6134: You're, uh...I know you're probably a busy guy, so...

15 CARLOS KEPKE: Not that busy.

16 U/C AGENT #6134: No? That's good. (CHUCKLES) You're one of the few
17 who says that. Most people want to tell you their whole
18 schedule, so.

19 CARLOS KEPKE: Yeah... How's Clint doing? I got an email from him today,
20 I think he's up at his ranch or what-...whatever he has up in
21 northern Pennsylvania.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Yeah, he likes to, uh...he likes to skip out right about now,
2 you know, I have to say. I mean, (EXHALES) I used to
3 hunt a lot as a kid, and then it's...it's almost like a right of
4 passage here in Pennsylvania. Uhm...where are you located
5 are you in, tsk...where the heck did he say you were, Texas
6 or something like //that?
7 CARLOS KEPKE: //Houston.
8 U/C AGENT #6134: //Okay.
9 CARLOS KEPKE: //Houston.
10 U/C AGENT #6134: Do you hunt?
11 CARLOS KEPKE: I do not.
12 U/C AGENT #6134: Okay, uhm...so my dad never did, and it was kind of like
13 //the area where I grew up.
14 CARLOS KEPKE: //People do hunt, but I don't.
15 U/C AGENT #6134: What's that?
16 CARLOS KEPKE: Everybody I know likes to hunt.
17 U/C AGENT #6134: (CHUCKLES) So-so you get meat from them, hopefully.
18 CARLOS KEPKE: Yeah.
19 U/C AGENT #6134: Uhm...
20 CARLOS KEPKE: That's good.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Nah, he's-he's doing good. He, uh...likes to get away.
2 Helps him free his mind a little bit, I think, especially with
3 all the family stuff going on right now for him, so...
4 CARLOS KEPKE: Yeah.
5 U/C AGENT #6134: Always a...always a difficult thing, uhm...especially when
6 you're dealing with that kind of stuff, so, yeah. No, he,
7 uh...we were talking over, like, you know, Thanksgiving
8 time frame and, uh...met up for a couple drinks and he was
9 sharing what was going on with him and...I told him, kind
10 of my, you know, what had, what had been the latest with
11 me and...he, uh...he mentioned your name, he said give you
12 a buzz and...see if there's anything you could help me with.
13 I mean, he...he was explaining a little bit of what you did,
14 but I'll admit, one, I don't think he understands it, and two
15 most of it was over my head too, so, uhm... (CHUCKLES)
16 Uhm...I'm not...not much into legal stuff, so...uh...he was
17 trying to explain a little bit of it to me, but, you know, I...I
18 took a look at your website and stuff and...tried to follow
19 that, and, uhm...so, yeah, I wanted to give you a buzz, see if
20 there was something where we can, we can maybe do it
21 together a little bit.
22 CARLOS KEPKE: Well, what's your situation?

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Tsk...so, (EXHALES) I've been...you know, I've been one
2 of these guys that grew up in, uh...like a small business my
3 whole life. My dad had his own business and...he was like a
4 grocery store guy. And, uh...I worked with him, and, uhm...
5 you know, it was one of those, you know, second
6 generation types of things and...always was...kind of
7 fascinated by that, just work for yourself, make your own
8 money. And, uhm...so I...kind of did that on my own, you
9 know, for a while once he retired and started my own
10 businesses and kind of...bopped around from one to the
11 next and...mmm...did a decent job with it, you know,
12 starting expanding and stuff like that and...helped build up
13 a little bit of, uh...little bit of cash here. And, uh...as I like
14 to say, that's all relative too, kind of like the busy thing,
15 and...(EXHALES) like I said, I never really...I mean, I
16 understood how to run a business and that type of thing but
17 the whole back office stuff wasn't really my thing.
18 Uhm...so I've hired different people to try to help me with
19 that stuff and...you know, I had at one time, I mean, my dad
20 always taught, you know, cash is king, so...(INHALES) a
21 lot of the businesses I had, you know, whether it was a bar
22 or the grocery store and stuff like that, and just sort of kept

DRAFT TRANSCRIPT

1 that stuff for me and then...some of my, uh...like the
2 accountant type of people I dealt with in the past, they told
3 me, you know, set up these, uhm...like company stuff, like,
4 uh...oh...what the heck, was it like an LL...
5 CARLOS KEPKE: LLC?
6 U/C AGENT #6134: Yeah, yeah...there you go. And so I put some of it in there,
7 but I don't really trust that kind of stuff a lot, and so...
8 uh...you know, I've done pretty good over the years and,
9 uhm...and now I'm looking at, possibly kind of like Clint,
10 you know, getting to that age where I should start settling
11 down probably. (CHUCKLES) Uh...looking into marriage
12 and all that kind of stuff and...just, you know, overall, I
13 mean, I've always been keen on...it's just the businesses
14 I've been and whether you get sued or something like that
15 and...you know, somebody sues you and...is it protected
16 and, uhm...you know, I saw you had out there that asset
17 protection stuff and...you know, whether that will help me
18 out and, uh... 'cause I don't want somebody to friggen slip
19 and fall, next thing you know they take all my money I
20 earned. And, uhm...you know, that type of stuff, so...
21 CARLOS KEPKE: What are you doing now? Like, what is your business?

DRAFT TRANSCRIPT

1 U/C AGENT #6134: So...recently I've had, like the most recent was a bar. Kind
2 of club type of thing, and...I've sort of gotten out of that for
3 the most part, but I'm looking at other stuff, so I don't have
4 anything real active going on. I'm just, uh...I'm kind of like
5 a serial, you know, small business owner type of thing.
6 And, uhm...you know, and I've built up enough money that
7 I...I don't want to...one, lose it to...you know, I get married
8 and the woman runs off and...says adios and she takes half
9 my stuff, or like I said, somebody slips and falls and they
10 take more than half of it, so...uhm...I want to make sure I'm
11 covered for all that kind of stuff.

12 CARLOS KEPKE: Well, uh...I don't, if you look at my website, then you
13 know that one of the things I do is asset protection
14 planning.

15 U/C AGENT #6134: Mmm-hmm...yep.

16 CARLOS KEPKE: And it's...it really fairly simple...uh...I'm not, I'm not at
17 liberty to tell you what I've done for...for...or I'm going to
18 do for Clint, //because it's...

19 U/C AGENT #6134: //Sure.

20 CARLOS KEPKE: ...it's private business he'll have to tell you. But, yours is
21 a...a little bit different than his, in the sense that he's got
22 some tax planning involved in his situation. Uh...if you, if

DRAFT TRANSCRIPT

1 you just do an asset protection trust plan, which is a trust.
2 Then there is no...tax consequence to it. You continue to
3 pay your income tax on whatever you make. Just as if
4 you...you know, had done nothing. So, you're not gonna
5 save any tax, and it's not gonna cost you any...more than
6 you would do, if you didn't do any planning. What it...what
7 it essentially is, is that you take...uh, your...whatever assets
8 you want to protect and-and...uh...and-and...I don't have
9 any idea what you're talking about other than cash, but
10 whatever it is, you...put those assets in a trust, uh...that you
11 control, so that if you have a slip and fall or you, uh...have
12 a...situation with a bad marriage or whatever, then those
13 assets are not yours to be taken, they're...essentially, legally
14 owned by another entity that is the trust. Uh...and which
15 you can draw on, use.
16 U/C AGENT #6134: //Uh-huh...
17 CARLOS KEPKE: //So that's what you do, is...the-the negative to that
18 planning is...and-and that's really how simple it is.
19 U/C AGENT #6134: Uh-huh...
20 CARLOS KEPKE: The negative to that planning is that, you no longer own the
21 assets so, for example, if you go to the bank for a loan,
22 then...and they want a financial statement, you don't own

DRAFT TRANSCRIPT

1 anything or at least you don't own those assets that you put
2 in the trust, so...diminishes your financial statement of
3 course, uh...for...because you...you have to understand that
4 legally you no longer own those assets, although they are
5 still yours to deal with. Uh...that's...and that's, that in a
6 nutshell is what asset protection planning is.

7 U/C AGENT #6134: But, if I don't own them anymore, I mean I wo-...I'm-I'm
8 talking to be quite frank, several million dollars, I mean,
9 this is...the-...I wouldn't want to...give those up.

10 U/C AGENT #6134: Well, it-it-it...it...it-it...eh...let's assume, for example that
11 you put...all or part of your several million dollars in-in
12 asset protection, in an asset protection trust.

13 U/C AGENT #6134: Okay.

14 U/C AGENT #6134: So you...you-you do not own it, but...let's say that you want
15 to go buy another bar.

16 U/C AGENT #6134: Okay.

17 U/C AGENT #6134: But those...when you normally, you would go buy another
18 bar with those millions, those couple of million dollars or
19 some-...whatever part it costs, what you would do then is
20 you would...you-...if, assuming you put all your money in
21 the...more-...more or less all your money in the asset

DRAFT TRANSCRIPT

1 protection trust, what you'd do is you'd have the trust buy
2 the bar.
3 U/C AGENT #6134: Ah... Okay.
4 U/C AGENT #6134: So-so that...uh-eh...well, there's...there's actually two ways
5 you could do it. You could...the-the...that's probably not
6 the best way, actually that's probably not the best...the best
7 way you do it is you...you would draw out, from the trust,
8 four hundred and fifty thousand (\$450,000) dollars, if that's
9 what you're gonna buy the bar for. And it's...it's...there's
10 no tax consequence to that, you just take it out and you...
11 you buy the bar and you own it yourself and that, but...and-
12 ...in that scenario, I-I'm showing you, by telling you this,
13 I'm showing you how you can, how easy it is to access the
14 two million dollars.
15 U/C AGENT #6134: Uh-huh...
16 U/C AGENT #6134: But if you do it that way, then...you own the bar, and you
17 are...set up for a...slip and fall. If you let the trust buy the
18 bar, which is the two million dollars, then you got a...then
19 you've got...uh-eh...you're not, you're not liable, uh...and
20 the...y-eh-uh...it gets a little, a little more complicated.
21 I'm...uh...I know I'm faltering here a little because I don't
22 want to tell you too-...be too technical with you.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Uh-huh...

2 CARLOS KEPKE: The-the actual way you would do it... Bob, is you would

3 take-...the trust would create-...the trust has the two (2)

4 million dollars, the trust would create a corporation in

5 simple matter, the corporation-...the trust would give two

6 (2) million dollars to the corp-...or four-hundred-fifty-

7 thousand (\$450,000.00) dollars to the corporation, the

8 corporation would buy the bar. So it owns the bar.

9 (COUGHS) You follow me?

10 U/C AGENT #6134: Yeah, little bit. Go ahead, kinda...

11 CARLOS KEPKE: So-so, now-...so, now, somebody slips and falls in the- in

12 the bar...

13 U/C AGENT #6134: Uh-huh?

14 CARLOS KEPKE: They're gonna-...they're gonna sue-...they're gonna sue-

15 they-they can't sue you for your two (2) million dollars.

16 They can always sue the corporation.

17 U/C AGENT #6134: Uh-huh?

18 CARLOS KEPKE: But, theoretically, the corporation doesn't have-...the copo-

19 the million and a half dollars that remains in the trust, using

20 my example, is not touchable by the-...by somebody who is

21 suing for a slip and a fall in a corpora-...in the-...against the

22 corporation against the bar corporation.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: //Okay.

2 CARLOS KEPKE: //So the money that remains in the trust remains protected

3 from your end from-from creditors and spouse – all the-

4 ...all this works in the case of a spouse as well. You-you-

5 you don't-...you-you control the-...you control the assets as

6 I've just shown you. Your spouse would not. Uh...u-unless

7 you-...the-the only issue, uh, is P-Pennsylvania Committee

8 Property space...

9 U/C AGENT #6134: (SCOFFS) (CHUCKLES)

10 CARLOS KEPKE: ...as you know.

11 U/C AGENT #6134: I don't know. (CHUCKLES) No, I don't know. //I don't

12 even know what that means.

13 CARLOS KEPKE: //I think if (UNINTELLIGIBLE / STAMMERS)... I think-

14 I th-...it means that-...it means that every dollar you earn

15 when your married, half it's your wife's.

16 U/C AGENT #6134: //Huh...

17 CARLOS KEPKE: //Uh, I think it's not 'cause I think I went over this with

18 Clint.

19 U/C AGENT #6134: Okay.

20 CARLOS KEPKE: In-in anticipation of his marriage...

21 U/C AGENT #6134: Yeah?

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...so I needn't get into the-...I needn't get into that aspect of
2 it but I would-...but I can tell you this as I've told Clint in
3 this matter that if you put your money in an asset protection
4 trust and you're-...and you're m-...and you're married and
5 you have problems with your wife and you get divorced,
6 that's mo-...that money is not subject to being given to her.
7 It's not hers. She can't-...she can't get it. It's protected.
8 U/C AGENT #6134: Okay.
9 CARLOS KEPKE: That's not necessarily the case...
10 (JINGLING IN BACKGROUND)
11 CARLOS KEPKE: ...if you have it in the trust.
12 U/C AGENT #6134: //Uh-huh?
13 CARLOS KEPKE: //...you owned it outright.
14 U/C AGENT #6134: Okay.
15 CARLOS KEPKE: You know, I-...but-...i-in other words, a j-...a divorce judge
16 can do whatever the hell-...more-...and more or less, I c-
17 can't speak exactly to Pennsylvania law, but typically, a
18 divorce judge can do whatever the heck he wants with the-
19 in the division of assets .
20 U/C AGENT #6134: Uh-huh, //yup.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: //He can't do it---but he's only---can he---he can only deal
2 with you and your wife's assets. He can't deal with assets
3 that are under trust...

4 U/C AGENT #6134: //Uh-huh.

5 CARLOS KEPKE: ...'cause those are not part of the divorce. //Can't be.

6 U/C AGENT #6134: //Okay...okay.

7 CARLOS KEPKE: Uh-a-asset protection planning is very common for people
8 who are---who are, uh...in-in marriages and they're
9 concerned about---what---just exactly what we're talking.
10 That's very common, something, to do.

11 U/C AGENT #6134: 'Kay...

12 CARLOS KEPKE: So, anyways, uh, u-u-un-you know, unless you're in a-
13 unless you're engaging in-in what you consider to be fairly
14 high-risk, uh...operations, and I would consider a bar to be
15 high-risk.

16 U/C AGENT #6134: //Yeah.

17 CARLOS KEPKE: //I would consider it if you were a brain surgeon to be high-
18 risk...

19 U/C AGENT #6134: Uh-huh?

20 CARLOS KEPKE: ...by that I mean where people are liable to sue you for
21 whatever.

22 U/C AGENT #6134: Yeah.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: Then asset protection planning is a good-good idea. If-if
2 you're not doing that, if you're not engaged in that, for
3 example, if you're just do-...buying real-estate or you're a
4 farmer or somethin' like that, I'm not sure that asset
5 protection planning is necessarily a good idea.
6 U/C AGENT #6134: 'kay.
7 CARLOS KEPKE: It's not a bad idea ever in my-my view, but it's not
8 necessary in this-...a necessary idea.
9 U/C AGENT #6134: Uh-huh...
10 CARLOS KEPKE: So, I mean, that's-that's what I do. I can see from-...I can
11 tell by the question you asked you're-you're concerned and
12 I-...and-and I don't know how to lessen your concern about
13 giving up the actual ownership of the two (2) million
14 dollars, let's say, you're talking about.
15 (SCRAPING NOUSE)
16 CARLOS KEPKE: Uh, you-you're-...I mean, you still-...you still bank at
17 wherever you keep your bank...
18 U/C AGENT #6134: Uh-huh?
19 CARLOS KEPKE: ...where you put your money, you know, you-you-you
20 know, you have full access to it, uh...it's just it-...
21 (ELECTRONIC CHIME)

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...legally, you don't own it, and the only way that that
2 makes a difference, really, in my view, is -i-in- in a
3 financial statement.

4 U/C AGENT #6134: Okay.

5 CARLOS KEPKE: Now, what I do, I-I-I'm a...I'm a lawyer. I-I'm-I'm not a
6 trial lawyer. I'm not as lo-(STAMMERS)...at-at risk for-
7 but-as-(STAMMERS)-some lawyers, but, none the less, I
8 am at risk and I have-...I have an asset protection trust
9 myself. When I go-...well, I-I'm not necessarily doing that
10 now, but, for example, when I bought this house...I went to
11 the bank here and they wanted a financial statement. Well-
12 well, it's a bank that I've been dealing with forever. You
13 prob'ly have a similar banking //relationship.

14 U/C AGENT #6134: //Uh-huh...

15 CARLOS KEPKE: And so, I told my banker, I said, "you know, I have a trust
16 and here's what's in the trust and I control the trust." Well,
17 as far as he's concerned that-that-that-that did not diminish
18 my financial worth in //his mind.

19 U/C AGENT #6134: //Huh...

20 CARLOS KEPKE: Follow what I'm sayin', //(UNINTELLIGIBLE)...

21 U/C AGENT #6134: //Yeah.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: He made the loan as if it was in my name because –
2 number one, I had a relationship with the bank – number
3 two (2), he understood because I gave him the documents
4 that I control the tr...assets in the trust. So it didn't...it
5 didn't hurt me there but, eh...you know, I have to tell you
6 on the front end, that may not be the case with your banker.
7 (CHUCKLES)
8 U/C AGENT #6134: Uh-huh... No, //you're right.
9 CARLOS KEPKE: //It prob'ly-...it prob'ly is. It prob'ly is.
10 U/C AGENT #6134: (INHALES) Yeah, //huh-...
11 CARLOS KEPKE: //In an-...in any event, uh, it-...the way that asset protection
12 works is you put your-...you put your money in a-...in a-
13 ...in a trust-...you put your assets...
14 U/C AGENT #6134: (SNIFFS)
15 CARLOS KEPKE: ...in a trust, you don't really take them and move them
16 anywhere unless you want to. You keep-...keep 'em-
17 continue to have the same bank that's the one you're using.
18 But you put it in a-...you put it in a entity that-...eh-eh-...in
19 a-...in a jurisdiction-...the entity is only the juris-juris-
20 jurisdiction. No assets or even, like-...eh-...but-...for
21 example, the best jurisdiction is Belize, in my opinion, for
22 asset protection. They have a law in Belize that says if you

DRAFT TRANSCRIPT

1 got a creditor or somebody's suin' you, a-a-and, uh...they
2 cannot reach the ah-...and they get a judgement against
3 you...you know, they can still sue you and get a judgement
4 against you – then they c-they cannot get-...come to Belize
5 and enforce that judgement unless they do it within one (1)
6 week-...one-...six (6) to seven (7) days after the time you
7 created the trust. (CHUCKLES) //So...

8 U/C AGENT #6134: //Wow. //(CHUCKLES).

9 CARLOS KEPKE: //So, obviously, you know, that's not gonna happen.

10 U/C AGENT #6134: No, okay.

11 CARLOS KEPKE: Nobody's, guh-...unless you got a credit right now you're
12 worried about-...unless you got a //problem...

13 U/C AGENT #6134: No.

14 CARLOS KEPKE: ...from that...

15 U/C AGENT #6134: No.

16 CARLOS KEPKE: ...which I don't think you do.

17 U/C AGENT #6134: No.

18 CARLOS KEPKE: So, (SIGHS) a-and-and that's why you use a country like
19 Belize because if you-...if you ju-...if you-you might say,
20 “well, why don't I just create a trust here in Pennsylvania?”
21 Well, because Pennsylvania law doesn't say that.

22 U/C AGENT #6134: //Huh...

DRAFT TRANSCRIPT

1 CARLOS KEPKE: //Pennsylvania-no-...//no law...

2 U/C AGENT #6134: //(SNIFFS)

3 CARLOS KEPKE: ...in the United States says that I know of says that, you

4 know, if you put your assets in a Pennsylvania trust or a

5 Florida trust, it-...we won't enforce that. A judgement gets

6 you...uh, e-except in one (1) week, uhm...that law's-

7 ...those are-...those laws are not in the United States.

8 U/C AGENT #6134: Uh-huh?

9 CARLOS KEPKE: And even-...eh-...and even if they were...that's not to-

10 what's to prevent-eh-eh-...a judge from sayin', "bullshit,"

11 //and (UNINTELLIGIBLE)...

12 U/C AGENT #6134: //Uh-huh...

13 CARLOS KEPKE: (UNINTELLIGIBLE)...they're makin', uh...discharge

14 funds from the trust and give it to this creditor.

15 U/C AGENT #6134: //Uh-huh...

16 CARLOS KEPKE: //I mean, judges do that all the time. I can show you-uh-uh-

17 uh...uh-uh- i-in violation-w-with my opinion, in violation

18 of the law, but, uh...it does not happen in Belize. Belize is

19 built-...Belize and a couple other jurisdictions have

20 basically built their reputation on-on, uh...a-a strong anti-

21 creditor asset protection law. (EXHALES) Any, uh...

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Tsk-...I like that. (CHUCKLES) S-s-so that would benefit-
2 yeah, now do you-...to do that, you-you-you have to go
3 down there or how does that work?
4 CARLOS KEPKE: No, you don't have to go down there.
5 U/C AGENT #6134: Okay.
6 CARLOS KEPKE: If you create the trust, I-I write the trust, uh-...y-y-you-you
7 create it. By that, I mean you-you sign it. You're the, what
8 they call the...I call it-...th-the legal word is settlor, the
9 real-(STAMMERS)...but we're-really, well, you're just the
10 creator-...the creator. And then, let's just take an example.
11 Let's just say that you wanna transfer a million dollars that
12 you wanna transfer, uh-uh... some stocks and bonds.
13 U/C AGENT #6134: Uh-huh?
14 CARLOS KEPKE: And let me just-just toss in a little real-estate, just to show
15 you what you do. So you create the trust. With...with
16 respect to the cash, you now have it in there – proper
17 escrow account at the First Bank-...First State Bank of
18 wherever. You now change the-...ch-...eh-uh-...you know,
19 take it out of that account and put into another account in
20 the name of XYZ Trust...same amount of money, so you
21 just...just-(STAMMERS)...change the name of the account

DRAFT TRANSCRIPT

1 and that is no longer owned-...you no longer own it. They
2 own it.

3 U/C AGENT #6134: Uh-huh...

4 CARLOS KEPKE: The-the trust owns it.

5 U/C AGENT #6134: Uh-huh...

6 CARLOS KEPKE: Real-estate takes a deed. If you own a piece of property,
7 you wanna put it and wanna protect it. You just give a deed
8 to the trust. Stocks and bonds, just say you're dealin' with
9 Meryl-Lynch, I-...whoever your broker is or e-trade. You
10 take your stocks and bonds, you take 'em outta your name
11 and put 'em in a new e-trade or new Meryl-Lynch account
12 in the name of the trust...uh...and my-eh-(STAMMERS)...
13 in-in general that's exactly how you do //and then it goes-
14 (STAMMERS)...

15 U/C AGENT #6134: //Okay.

16 CARLOS KEPKE: ...what's behind it. Uh...

17 U/C AGENT #6134: And then they can't-...creditors can't get that stuff then
18 //later on?

19 CARLOS KEPKE: //Credit-creditors cannot get that stuff.

20 U/C AGENT #6134: Wow...

21 CARLOS KEPKE: Uh, now, you-t-technically, in the trust, you would-...you
22 would name a-a beneficiary...

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Okay.

2 CARLOS KEPKE: ...or beneficiaries, um-...uh, because, you know-...you

3 know, you might die. You know, we hope you don't, but

4 you //(UNINTELLIGIBLE)...

5 U/C AGENT #6134: //Yeah.

6 CARLOS KEPKE: ...while the trust is there, and you-...some-somethin's

7 gonna happen to the money when you're dead, so you...

8 U/C AGENT #6134: Uh-huh...

9 CARLOS KEPKE: ...eh-...that's all a part of how I write the trust for you.

10 U/C AGENT #6134: Okay.

11 CARLOS KEPKE: You do-...you should think about what you wanna do and

12 if-...and there's a-...huh-...there's a whole series of

13 questions I ask you about-...what-what if this happens, what

14 if this happens, what do you wanna happen to your money,

15 do you-...you figure out what you wanna do.

16 U/C AGENT #6134: Uh-huh...

17 CARLOS KEPKE: But-...but t-the-the main thing is – number one, it's

18 protected – number two, you've not lost-...you-you've lost

19 legal ownership, but you've not lost the ability to control

20 what you wanna do with your money – that is, how you

21 wanna invest it or where you wanna put it or so on.

22 U/C AGENT #6134: What if you want it back?

DRAFT TRANSCRIPT

1 CARLOS KEPKE: Then you take it out of the trust, end of story.

2 U/C AGENT #6134: Oh...

3 CARLOS KEPKE: You want it all back, you don't...you don't need the trust

4 anymore, you, uh...I'm retired, I'm not doin' anything

5 that's-that's gonna get creditors or anything after me or

6 anything, you just disband the trust – end of story.

7 U/C AGENT #6134: Huh.

8 CARLOS KEPKE: Take it back.

9 U/C AGENT #6134: Okay...that seems like a no-brainer, Carlos. (CHUCKLES)

10 Then h-he-he also mentioned, I know you said it too, he

11 said there could be some-some, you know, tax savings too,

12 I can be lookin' at too, for settin' up different things and,

13 which could help him-...I mean, kinda have an idea on the

14 type of business I'm in, so you can imagine, you know,

15 how that works.

16 CARLOS KEPKE: Well...i-i-in...in your-...in your case-...I-I may-...I m-may

17 not be so easy to get tax benefits. Tax benefits attach to this

18 kind of trust planning only in two instances.

19 U/C AGENT #6134: //Kay...

20 CARLOS KEPKE: //One, where somebody else besides you creates the trust, a

21 relative creates the trust for you...and //eh-...uh-...eh-...

22 U/C AGENT #6134: //Kay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: Uh, in...f-for example, uh-uhm, in Robert's ca...uh...in
2 Clint's case, uh, the grandmother //maybe...
3 U/C AGENT #6134: //Uh-huh...yup.
4 CARLOS KEPKE: And there's no benefits-t-no tax benefits accruing until that
5 grandmother dies.
6 U/C AGENT #6134: Uh-huh...
7 CARLOS KEPKE: So in your case, if somebody created the trust for you then
8 there would be no tax benefits until that person died, un-
9 unless that person happened to be a foreigner, uh...a re-
10 relative-...a foreign relative which is not found in the
11 practice-...not everybody-...not everybody has a foreign
12 relative.
13 U/C AGENT #6134: Yeah, I don't-...I don't have any that I know, how 'bout
14 that? I'm sure I have 'em, I just don't know 'em.
15 //(CHUCKLES)
16 CARLOS KEPKE: //Yeah, then they prob'ly wouldn't-...if you found 'em they
17 prob'ly wouldn't create a trust for you.
18 U/C AGENT #6134: (CHUCKLES) They'd prob'ly take whatever money I ask
19 'em to take. //(CHUCKLES)
20 CARLOS KEPKE: //Yeah...but the ben-...the tax benefits are accr-...start
21 when-when you have somebody other than yourself
22 creating 'em...

DRAFT TRANSCRIPT

1 U/C AGENT #6134: //Okay.

2 CARLOS KEPKE: //...creating a trust, and that person dies or second, the tax

3 benefits kick in to your beneficiaries when you die

4 because...

5 U/C AGENT #6134: //Okay.

6 CARLOS KEPKE: ...because you were the party that created the trust and you

7 have died. You're-you're the grandmother so to speak, as

8 to the-they-they're your beneficiaries. So if you got

9 married, for example, and had kids, uh...and you whos-

10 ...were happily married, and, you know, you turn eighty

11 (80) years old, you drop dead, then the assets in that trust

12 would then be subject to-...they'd be able to be, uhm...take

13 advantage of the tax benefits that accrue, which basically

14 means there'd be no tax on interest income, no tax on

15 capital gains, no estate tax. There-there-there are a lotta

16 good tax benefits, but, unle-unless, uh, you know, unless

17 you got a-a-a grandmother that's-...or somebody that's, y-

18 you know, gonna die rather soon, hopefully...//or not

19 hopefully...

20 U/C AGENT #6134: //What, uh...I'm not dying anytime soon, at least I hope

21 not, but then again...

22 CARLOS KEPKE: //No?

DRAFT TRANSCRIPT

1 U/C AGENT #6134: //...you never know if you're gonna walk out, and a bus
2 hits ya... Let me ask you, what kind of relative would
3 qualify?
4 CARLOS KEPKE: Any kind.
5 U/C AGENT #6134: So it can be a cousin?
6 CARLOS KEPKE: Any kind.
7 U/C AGENT #6134: Huh...
8 CARLOS KEPKE: Any kind of a relative, b-by blood or marriage, since you're
9 not married, by blood.
10 U/C AGENT #6134: Okay, well, I do have somebody that's, I mean... (SNIFFS)
11 unfortunately, very unfortunately, I mean, they-they've got
12 cancer and it's not looking good. Uhm...I don't //know...
13 CARLOS KEPKE: //Yeah?
14 U/C AGENT #6134: ...how that works. I mean, uhm...this is all-...this is-...this-
15 I- so, any relative, they're gonna pass away – but how's
16 that work though? I-I don't understand the-the-the //trust
17 thing.
18 CARLOS KEPKE: //They create the trust.
19 U/C AGENT #6134: Okay.
20 CARLOS KEPKE: Instead of you, they create it. It gets a little more
21 complicated //that way.
22 U/C AGENT #6134: //Yeah.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: Follow me on this one. (CHUCKLES)

2 U/C AGENT #6134: Go slow.

3 CARLOS KEPKE: //By using...

4 U/C AGENT #6134: //Go slow. (CHUCKLES)...

5 CARLOS KEPKE: //...by using a relative to create the trust...

6 U/C AGENT #6134: Okay. (SNIFFS)

7 CARLOS KEPKE: They create the trust, they have to fund the trust initially

8 with about seven (7) or eight-thousand (\$8,000.00) dollars.

9 U/C AGENT #6134: Okay.

10 CARLOS KEPKE: They have to fund it – a check or money has to come from

11 them.

12 U/C AGENT #6134: Okay.

13 CARLOS KEPKE: If they won't do that, and I mean, I've come across many

14 cases where, you know, you might have a cousin dyin' of

15 cancer but he's not gonna give you seventy-five-hundred

16 (\$7,500.00) bucks to start a trust.

17 U/C AGENT #6134: //(SIGHS)

18 CARLOS KEPKE: //Uh...i-if that's the case we'll-we'll discuss that at another

19 time. I prefer not to discuss that on the telephone how you

20 do that.

21 U/C AGENT #6134: Sounds good to me. Okay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: But-but what it-...what it does mean, it means once he's
2 created the trust then y-you no longer just simply transfer
3 assets to it. It, shuh-eh-th-th-that doesn't work because
4 anybody who transfers assets to a trust...a-a-a trust that's-
5 eh-...that's got potential tax advantages is also created-...is
6 also...

7 U/C AGENT #6134: //(SNIFFS)

8 CARLOS KEPKE: //...deemed to be a creator, which makes you-...and if
9 you're a creator you don't have the tax advantage. So, what
10 you have to do is you have to sell your assets to the trust.

11 U/C AGENT #6134: Okay. (SNIFFS)

12 CARLOS KEPKE: And-and that-...and that makes-...eh-...uh-...a little-...I
13 mean, I'll be happy to get into you on that with you if
14 you're really cons-...if you think this is a real possibility.
15 And it's-...it's significantly better, uh...because you-you-
16 you end up-to make it your example, two (2) million
17 dollars in the trust-uh-that is-that earns tax free.

18 U/C AGENT #6134: Woah...

19 CARLOS KEPKE: For example...

20 U/C AGENT #6134: Okay.

21 CARLOS KEPKE: Assuming your cousin's dead now, you gotta wait 'til your
22 cousin dies.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Okay.

2 CARLOS KEPKE: But you got two (2) million bucks over there...

3 U/C AGENT #6134: //(SNIFFS)

4 CARLOS KEPKE: //...so let's say you go to stock market and you buy stocks

5 and you sell 'em. Normally you pay a capital gains tax.

6 You would pay no tax.

7 U/C AGENT #6134: Uh-huh...

8 CARLOS KEPKE: If you put it in a bank account, a CD will make a lowly two

9 (2%) percent. That interest is no longer taxable.

10 (ELECTRONIC CHIME)

11 U/C AGENT #6134: Wow, really?

12 CARLOS KEPKE: Yeah, I mean, that's-that's why it's-it's-...eh-...what it is, is

13 what the law says is that //foreigners...

14 U/C AGENT #6134: //(SNIFFS)

15 CARLOS KEPKE: ...our ta-income tax law says, says now and has said for

16 years, that foreigners do not pay capital gains tax except on

17 US real-estate. That's the only asset they pay capital gains

18 on. They don't pay capital gains, they don't pay income tax

19 on interest earned from-...in the bank account, and several

20 other kinds of things. Eh-...well, your trust is b-being an-

21 being under the jurisdiction of the Belize law...

22 U/C AGENT #6134: Huh...

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...is deemed to be a foreigner when the US citizen creator
2 dies. Psh-w-w-when the US-w-what-as long as the US
3 citizen creator is alive, then the trust...

4 U/C AGENT #6134: (SNIFFS)

5 CARLOS KEPKE: ...assets are taxable to that person.

6 U/C AGENT #6134: Uh-huh...

7 CARLOS KEPKE: You know, //if you-you...

8 U/C AGENT #6134: //(SNIFFS)

9 CARLOS KEPKE: ...eh-eh-...like, in your case, when you create-...if you
10 created the trust and you //took-...

11 U/C AGENT #6134: //(SNIFFS)

12 CARLOS KEPKE: ...you made some capital gains with the money in the trust,
13 you're gonna pay taxes on 'em 'cause you're the US
14 creator. Once you die, or let's just-or-eh-once your cousin
15 dies as the case may be, you do the same transaction,
16 there's no pass through [PHON.] 'cause there's no US
17 living person. The trust is deemed a foreigner and it takes
18 advantage of that part of our tax code that says "foreigner"
19 – it don't pay taxes on capital gains, blah-blah-uh, blah-
20 blah other types of income. So what' you're really doing,
21 and what-...and what Clint //is doing...

22 U/C AGENT #6134: //(SNIFFS)

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...is setting him-...setting himself up to have his assets be
2 owned by a foreigner and you're gonna enjoy in those tax
3 benefits. Eh-...unfortunately, it's not so simple as to just
4 say, "okay, I'm gonna-...my cousin created a...thing"-eh-
5 and he's gonna die, and now I gotta get assets into it, and
6 so, you know, and you don't just-just make a deed and
7 transfer a real-estate or change the name of the bank
8 account. You have to sell those assets to the trust...and you
9 have to pay a capital gains tax if you are selling an
10 appreciated asset. Well, cash is not an appreciated asset.

11 U/C AGENT #6134: Uh-huh...

12 CARLOS KEPKE: If you had a million //dollars...

13 U/C AGENT #6134: //(SNIFFS)

14 CARLOS KEPKE: ...and you sold it f-for a million dollars then you don't
15 have any tax, obviously.

16 U/C AGENT #6134: Okay.

17 CARLOS KEPKE: Uh-...when-...you-you-s-uh-eh...follow me on this now,
18 I'm not-...this is-...this is exactly the way it works – let's
19 say that your cousin's created the trust. Let's-...f-for-for our
20 purposes let's assume he's passed on.

21 U/C AGENT #6134: 'Kay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: And now you take-...you take it-...let's say you wanna
2 transfer a million dollars to the trust.
3 //(UNINTELLIGIBLE)...

4 U/C AGENT #6134: //Is he still alive or is he dead when I'm transfer the million
5 over?

6 CARLOS KEPKE: Either way.

7 U/C AGENT #6134: Okay.

8 CARLOS KEPKE: Either way. I-i-if he's alive and you transfer the million and
9 he's-...and that trust-...that million dollar earns some money
10 while he's alive...

11 U/C AGENT #6134: Uh-huh?

12 CARLOS KEPKE: He has-...the tax is his, not yours.

13 U/C AGENT #6134: Okay.

14 CARLOS KEPKE: So you'd-...huh-...y-you know, you have to either make an
15 arrangement-...e-either-...e-either...do not earn the money
16 so it doesn't-...so you do not put it in the investments that
17 will, uh...earn income. For example, if you buy stocks, uh-
18 eh-eh-if-eh-eh-non-dividend stocks or somethin' like that,
19 then, you know, there won't be any income and-and you
20 don't sell 'em until he dies, but you gotta understand if-...a-
21 any income that's made while he's alive, he, hah-...he's the
22 man that's liable for the taxes.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Oh, wow.

2 CARLOS KEPKE: You gotta either make an arrangement with him about

3 payin' those taxes for him or not invest money in a-...in an

4 asset that'll generate some income that you'll have to pay

5 taxes on.

6 U/C AGENT #6134: Yeah, I mean, I don't wanna make him have to pay a b-...I

7 mean, you don't wanna let //it...

8 CARLOS KEPKE: //Or-...

9 U/C AGENT #6134: ...just sit there, but you also don't wanna burden him with

10 payin' a bunch of money that's not really his, so it's, //like-

11 yeah...

12 CARLOS KEPKE: //Well, you'd have to-...you know, you would have to make

13 that arrangement with him.

14 U/C AGENT #6134: Okay.

15 CARLOS KEPKE: Or-or-or-or wait until he dies before you transfer the

16 million dollars.

17 U/C AGENT #6134: Okay.

18 CARLOS KEPKE: Create the trust...

19 U/C AGENT #6134: Uh-huh...

20 CARLOS KEPKE: ...and then when he dies, then you transfer the asset and

21 you don't have an-...that-that's no longer an issue then.

22 U/C AGENT #6134: Okay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: So, but-...follow me on how you transfer the money.

2 U/C AGENT #6134: Uh-huh...

3 CARLOS KEPKE: Let's-let's just...

4 U/C AGENT #6134: (SNIFFS)

5 CARLOS KEPKE: ...get past the idea of h-him having to pay taxes, he's

6 passed on. He's created a trust, and he's passed on. The

7 trust is sittin' there, you wanna put a million dollars in.

8 What you do is you...we create what's known as a limited

9 partnership. Uh, if-if you'll follow me on this, it's-...that's

10 just a partnership-...uh-...i-it's just an entity, a limited

11 partnership, and you give your money-...you give your

12 money to the limited partnership and that is a tax free

13 transaction. There's no-...t-no tax on it. Then, eh-...you sell

14 the limited partnership to the trust, so now the trust owns

15 the limited partnership, and the limited partnership has a

16 million dollars in it. And so, there's a bank account in the

17 name of the-...Robert S. (UNINTELLIGIBLE)...Limited

18 Partnership in-in-in the Pennsylvania bank. Uh-...you sold a

19 million dollars, you get a note back from the trust, for the

20 mi-...for a million dollars-...uh-...or-...well, you get a note

21 back from the trust, because the trust didn't have any

DRAFT TRANSCRIPT

1 money to pay you for the million dollars that you sold it.
2 You follow me?
3 U/C AGENT #6134: (SIGHS) A little //bit.
4 CARLOS KEPKE: //Are you with me on this?
5 U/C AGENT #6134: I'm a little confused.
6 CARLOS KEPKE: Well, if you sell the million dollars to the trust...
7 U/C AGENT #6134: 'Kay.
8 CARLOS KEPKE: Then it-it has to pay you a million dollars for it because
9 you-...otherwise you're givin' it to him.
10 U/C AGENT #6134: Okay.
11 CARLOS KEPKE: So it gives you a note for a million dollars.
12 U/C AGENT #6134: What-what...
13 CARLOS KEPKE: //And-...
14 U/C AGENT #6134: //What do you mean a note – like, a...
15 CARLOS KEPKE: A promissory note.
16 U/C AGENT #6134: Oh, okay, like a loan.
17 CARLOS KEPKE: Yeah, //exactly. (UNINTELLIGIBLE)...
18 U/C AGENT #6134: //Okay, okay...
19 CARLOS KEPKE: ...as if it's a loan, you know, but, you know, it's like-i-i-
20 it's-...i-it-it's-...uh-...sort of like if you go to the-...if you
21 buy a house and you go to the bank, you're gonna have-
22 you're gonna sign a note to the bank which says you owe

DRAFT TRANSCRIPT

1 'em a million dollars if you p-p-put-...if they loaned you a
2 million dollars.

3 U/C AGENT #6134: Okay.

4 CARLOS KEPKE: But you gotta pay it back so the-...so the-...so the-the-the-
5 the //trust...

6 U/C AGENT #6134: //(SNIFFS)

7 CARLOS KEPKE: ...owes you a million dollars, and-and if you got-...under
8 the-...and it's given you a note that says, "I'll- I owe Robert
9 S-(UNINTELLIGIBLE)...a million dollars." And I get-
10 and it tells you the interest rate and when it's gonna pay it
11 back. But what happens is, and that's a-...that's a-...that's-
12 that's no deal. If you-...if you g-given it a million dollars
13 and it's given you a million dollar note back and, you
14 know, that means that-...that means that (CHUCKLES) that
15 you're gonna get your million dollars back and it's not
16 gonna be in the trust anymore.

17 U/C AGENT #6134: Uh-huh...

18 CARLOS KEPKE: You follow what I'm sayin'?

19 U/C AGENT #6134: 'Kay, so I give them a million, they give me this loan for a
20 million, and then it...

21 CARLOS KEPKE: Okay, but they don't. //Now, not at that point.

22 U/C AGENT #6134: //They don't?

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...that point.

2 U/C AGENT #6134: //Okay.

3 CARLOS KEPKE: //That's-that's-that's-...the reason we created the limited

4 partnership is because the tax law says that if you sell a

5 limited partnership to another entity, you can discount the

6 value of the limited partnership up to forty (40%) percent.

7 U/C AGENT #6134: //Huh...

8 CARLOS KEPKE: //So-so, let's say that using this example that we're talking

9 about...you will sell a mill-...you will put a million dollars

10 in a partnership, you will sell the partnership that's worth a

11 million dollars to the trust, it gives you a note back for six-

12 hundred-thousand (600,000)...

13 U/C AGENT #6134: //Okay.

14 CARLOS KEPKE: //...not a million, because the law will-...well, the law says

15 that you can discount the limited-...a sale of a limited

16 partnership up to forty (40%) percent.

17 U/C AGENT #6134: 'Kay.

18 CARLOS KEPKE: So, now what you have effectively done, is-is...put a-...put

19 a million dollars in a-...in a-...in an asset protection entity,

20 the trust...you sold it and-and you're gonna get back six-

21 hundred-thousand (600,000). So you've got four-hundred-

22 thousand that's over there forever...

DRAFT TRANSCRIPT

1 U/C AGENT #6134: //Uh-huh?

2 CARLOS KEPKE: //...pr-protected forever...six-hundred-...six-hundred-

3 thousand (\$600,000.00) dollar note that you, huh-...that

4 you're now holding has to be paid back to you by the trust

5 within five (5) years...

6 U/C AGENT #6134: Okay.

7 CARLOS KEPKE: ...so says the law. So, let's say you just bought-bought a

8 loan, you know, you make your investments over there and

9 then whatever you're doin' in the trust tax free for five (5)

10 years, and then the "uh-oh, here"-...okay, here comes-

11 ...now let's just say that the million dollars, because of your

12 wise investments, your trust-...wise investments is now

13 worth a million and a half dollars...

14 U/C AGENT #6134: Mmm-hmm?

15 CARLOS KEPKE: Here comes five (5) years, the trust owes you...

16 U/C AGENT #6134: (SNIFFS)

17 CARLOS KEPKE: ...the six-hundred (\$600.00) dollar note...plus interest. So

18 it says, "okay, I'm payin' ya," so it takes the six-hundred-

19 thousand (\$600,000.00) dollars out of the million and a half

20 it now has, pays the note back to you, you then do

21 //exactly...

22 U/C AGENT #6134: //(SNIFFS)

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...the same thing again.

2 U/C AGENT #6134: Huh...

3 CARLOS KEPKE: You say, "okay, I'm making another note-I'm selling-...I'm

4 selling this six-hundred (600) back," plus another million,

5 if you have it.

6 U/C AGENT #6134: //Uh-huh...

7 CARLOS KEPKE: //And you make a note, and you do the same thing again

8 five (5) years from now. So, (COUGHS) what you're...

9 what you're basically done is taking the //incremental...

10 U/C AGENT #6134: //(SNIFFS)

11 CARLOS KEPKE: ...forty (40%) percent, in our example it's four-hundred-

12 thousand (400,000) because //the note's...

13 U/C AGENT #6134: //Uh-huh?

14 CARLOS KEPKE: ...every time, and that's a permanent stay over there, but

15 the whole amount is protected while it's there and it's

16 earning. It's just that you gotta pay the note back which you

17 can then put that money right back in the same way.

18 U/C AGENT #6134: Uh-huh, //'kay.

19 CARLOS KEPKE: //That's the way you do it with cash.

20 U/C AGENT #6134: That's what I'd be mostly dealin' with, mostly cash.

21 CARLOS KEPKE: Okay. //(UNINTELLIGIBLE)...

DRAFT TRANSCRIPT

1 U/C AGENT #6134: //Then can I just keep puttin' that in if my cousin's gone? I
2 can just keep funnelin' that money in there?
3 CARLOS KEPKE: One (1) time.
4 U/C AGENT #6134: Oh...
5 CARLOS KEPKE: You can only have one (1) note.
6 U/C AGENT #6134: Uh, so-so let's assume that your cousin's gone and you...
7 CARLOS KEPKE: //(SNIFFS)
8 U/C AGENT #6134: //...put a million dollars in there and it's been sittin' there
9 for a year. You know, it's now-now worth a hundred-
10 thousand (100,000) more. And you wanna put another
11 million in...
12 CARLOS KEPKE: Uh-huh?
13 U/C AGENT #6134: ...or a mil-...five-hundred (500)-...you got to pay that note
14 off-there's a-...heh-...the trust has to pay that note off to
15 you, then you go back and then you put the m-...the amount
16 that it paid you to pay the note off, six-hundred-thousand
17 (600,000) in our-...in our example, put that back in along
18 with whatever extra amount you wanna put in...
19 U/C AGENT #6134: (SNIFFS)
20 CARLOS KEPKE: And you have a new note for six-hundred (600), plus, say,
21 five-hundred (500). So it's a million-one note now.
22 U/C AGENT #6134: (SNIFFS)

DRAFT TRANSCRIPT

1 CARLOS KEPKE: You can only have one (1) note outstanding. That...they-
2 you can't have multiple notes, so, yes, you can continue
3 funding, but you gotta pay the first (1st) note off in order to
4 put...to- put it-to-to-put in additional money in.

5 U/C AGENT #6134: (SNIFFS) //Kay.

6 CARLOS KEPKE: //And, I mean, it's just a matter...(CHUCKLES) let me-
7 essentially, paper transfers.

8 U/C AGENT #6134: I see, kinda. So-so, my cousin, if he dies, is it his m...like,
9 it's his trust though – what happens to it then //if it's in his
10 name?

11 CARLOS KEPKE: //It's-it's not...uh, he's just the creator. He's gone. That's
12 the end of it. He's //dead.

13 U/C AGENT #6134: //Okay.

14 CARLOS KEPKE: //He's out of it.

15 U/C AGENT #6134: Okay.

16 CARLOS KEPKE: He's out of it. Now, I should...I should tell you this, the-
17 the-the-the-the creator of the trust, y-your-your cousin,
18 uh...i-in addition to having to fund the trust initially,
19 because you can't...you can't have an unfunded trust in-in
20 law. It's not...it doesn't exist. You gotta fund it. And the-
21 and the trustees in-in-in the-...that we deal with require a
22 one-time acceptance fee of a trust of about three (3) or

DRAFT TRANSCRIPT

1 four-thousand (4,000), and the first (1st) year's trustee's
2 fees of about two (2) or three (3) somethin' or so. I usually
3 say about seventy-five-hundred (\$7,500.00) dollars is
4 gonna go into fund the trust for the first (1st) year.

5 U/C AGENT #6134: (SIGHS)

6 CARLOS KEPKE: Uh, your cousin will also have to-...his CP //will also...

7 U/C AGENT #6134: //(SNIFFS)

8 CARLOS KEPKE: ...have to file a re-...a form, not a tax return, but an
9 information return – can you hang on one sec. while my-
10 uh-...gettin' ready to tell my wife bye.

11 U/C AGENT #6134: Yeah, yeah. //(SNIFFS)

12 CARLOS KEPKE: //(UNINTELLIGIBLE)...uh-huh?

13 (FEMALE VOICE OVERHEARD IN BACKGROUND)

14 CARLOS KEPKE: You got the best one?

15 UNKNOWN FEMALE: Yeah.

16 CARLOS KEPKE: Okay.

17 UNKNOWN FEMALE: Yeah, I got (UNINTELLIGIBLE)...

18 CARLOS KEPKE: Okay.

19 UNKNOWN FEMALE: Yeah.

20 CARLOS KEPKE: Take it easy.

21 UNKNOWN FEMALE: Alright. Get out of here by one (1:00) [PHON.]

22 (UNINTELLIGIBLE)...

DRAFT TRANSCRIPT

1 CARLOS KEPKE: You got- you comin' home then?

2 UNKNOWN FEMALE: Yeah, I'll change and then yeah...(UNINTELLIGIBLE)...

3 CARLOS KEPKE: Alright, see you later. Bye-bye.

4 (FOOTSTEPS)

5 UNKNOWN FEMALE: //(UNINTELLIGIBLE)...

6 CARLOS KEPKE: //Uhm...he has to file-...your cousin has to file a-a-a-a-a

7 information //return...

8 U/C AGENT #6134: //(SNIFFS)

9 CARLOS KEPKE: ...that basically tells the government that I have created a

10 foreign trust. It's called form thirty-five-twenty (3520).

11 U/C AGENT #6134: //Okay.

12 CARLOS KEPKE: //Tsk-...'cause once he dies, and he has to file a form thirty-

13 five-twenty (3520) every year as long as he lives. Once he

14 dies there's no more filing.

15 U/C AGENT #6134: 'Kay.

16 CARLOS KEPKE: It's all done. Your trust-...he has no interest in the trust. He

17 has no in-...ownership interest, he's not a beneficiary, he

18 can't do anything. All he's done is present-...he's-he's

19 essentially made a gift to you. The-...you know this- "I love

20 my cousin Bob. I'm gonna make a trust for him, I'm

21 gonnna give him seventy-five-hundred (\$7,500.00) dollars

DRAFT TRANSCRIPT

1 in a trust.” And then, so he’s made a gift and that’s the end
2 of the story...

3 U/C AGENT #6134: Okay.

4 CARLOS KEPKE: ...as far as he’s concerned.

5 U/C AGENT #6134: And then, when can I put the m-money into it, like, the
6 million, two (2) million – after //he...dies?

7 CARLOS KEPKE: //Well, you can put it-...you can put it in while he’s alive,
8 but as I told you, if he earns some money then //you’re
9 gonna-...

10 U/C AGENT #6134: //Owe, yeah.

11 CARLOS KEPKE: ...you’re gonna-...so if-...but if he-...

12 U/C AGENT #6134: //(SIGHS)

13 CARLOS KEPKE: //Once he dies then you can use the tr-...the trust can just sit
14 //there...

15 U/C AGENT #6134: //(SNIFFS)

16 CARLOS KEPKE: ...until he-...until he passes on and then-...you know, and...
17 and if he-...say he lives three (3) more years, w-well,
18 then...

19 U/C AGENT #6134: //No.

20 CARLOS KEPKE: //Then he-he got-...he- well, I mean, say if he did...

21 U/C AGENT #6134: Yeah?

DRAFT TRANSCRIPT

1 CARLOS KEPKE: He-he'd have to pay another thirty-five-hundred
2 (\$3,500.00) dollars or whatever it is that the annual trustee
3 fee for the next year because he-...they-they would've used
4 the first (1st) one. //That's-...
5 U/C AGENT #6134: //So then-...
6 CARLOS KEPKE: So that's-that's the cost of the trust, incidentally.
7 U/C AGENT #6134: Once he dies, the trust keeps goin'?'
8 CARLOS KEPKE: Forever.
9 U/C AGENT #6134: Forever? And it can //keep...
10 CARLOS KEPKE: //Right.
11 U/C AGENT #6134: ...spittin' out money to me – I can put money in and then
12 pull it out as need be?
13 CARLOS KEPKE: Exactly, and it-it earn tax free on it. It-...
14 U/C AGENT #6134: //Wow.
15 CARLOS KEPKE: //...in those kinds of investments I told you about.
16 U/C AGENT #6134: Wow.
17 CARLOS KEPKE: Yeah.
18 U/C AGENT #6134: Huh-... (SIGHS) and this is in Belize?
19 CARLOS KEPKE: Well, I use the-...eh-eh-eh- I use a lot of jurisdictions, but-
20 but you started this conversation by...indicating we were-
21 remember, we started out talkin' about asset protection.
22 U/C AGENT #6134: Yeah, yeah.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: I-I use Belize for asset protection because it's got the best
2 law that I mentioned to you.

3 U/C AGENT #6134: Okay.

4 CARLOS KEPKE: If as...if asset protection was not your-your...eh-eh-eh-eh-
5 of any in-interest to you, I might not use Belize. I might use
6 some other jurisdiction, like, for example, Bermuda...

7 U/C AGENT #6134: //Okay.

8 CARLOS KEPKE: //...or the Cayman Islands, or you know, any-...just, any
9 number- any number of 'em, but if asset protection is a
10 feature you wanna use, that you want, then Belize is a-a-
11 uh...is the jurisdiction...

12 U/C AGENT #6134: Okay.

13 CARLOS KEPKE: ...in my opinion

14 U/C AGENT #6134: //Yeah.

15 CARLOS KEPKE: //(UNINTELLIGIBLE)... yeah.

16 U/C AGENT #6134: So I gotta-....

17 CARLOS KEPKE: And that-...and that doesn't mean anything. It, duh-...it
18 means you don't-....y-you- I mean, y-y-you're welcome to
19 go down there and meet the trustee...

20 U/C AGENT #6134: //Yeah.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: //...and he'll come up and meet you. In fact, I think he's
2 gonna come up and meet, uhm...uh, meet Clint, I think, in
3 Miami, uh-er-that-s-that's the potential plan.

4 U/C AGENT #6134: Yeah...

5 CARLOS KEPKE: They'll be happy to come up and see you and they're-
6 they're good people. I've been doin' business with them for
7 twenty (20) years, more.

8 U/C AGENT #6134: Yeah, I mean, if you're gonna trust somebody with your
9 money you're gonna wanna meet 'em. There's no question.

10 CARLOS KEPKE: Well, actually, them-...you're not trusting them with your
11 money.

12 U/C AGENT #6134: //Okay.

13 CARLOS KEPKE: //They're not gonna have your money. Your money is
14 gonna s-...your money is gonna go wherever you want it.
15 You wanna keep it in the Pennsylvania bank account...

16 U/C AGENT #6134: //(SNIFFS)

17 CARLOS KEPKE: //...it's in the Pennsylvania bank account.

18 U/C AGENT #6134: Oh...

19 CARLOS KEPKE: Where-...you don't move your money. You don't move
20 anything unless you want to. Now, if you want to, you
21 know, uh...the people-...the people that move their money
22 off-shore are people that are-...that-...number one, have a-

DRAFT TRANSCRIPT

1 have a potential creditor that's...or a judgment that's
2 comin' after 'em and they're gonna lose, they know that.
3 U/C AGENT #6134: //Kay.
4 CARLOS KEPKE: //And they want their money out of the-...you know, out
5 the-eh-out of the-...out of the country.
6 U/C AGENT #6134: Uh-huh...
7 CARLOS KEPKE: Uh-uh-uh, those are-...those are people-...or-or-or in such a
8 high-risk type of operation that they want their money out
9 of the grasp of the US and federal courts. Uh, those are the
10 people that actually, physically change their bank account,
11 and then I got a group of clients that change it, eh...put their
12 money in offshore bank accounts just because they like the-
13 I- they don't like the US bankin' system. They //like the...
14 U/C AGENT #6134: //Uh-huh?
15 CARLOS KEPKE: ...privacy of the-...of an off-...of a Swiss bank, for
16 example...
17 U/C AGENT #6134: //'Kay.
18 CARLOS KEPKE: //...for whatever reason. Uh-uh-uh, I would not envision
19 you takin' your money outside the United States or takin'
20 your-your stock-stock accounts out-out-outside the United
21 States. I wouldn't imagine you changin' those for any
22 reason. //You're-...

DRAFT TRANSCRIPT

1 U/C AGENT #6134: //No, no.

2 CARLOS KEPKE: There is a provision in the trust, in an asset protection trust

3 – this is another reason I like Belize – that says that if for

4 some reason something should happen, uh, i-if something

5 unusual should happen. Uh, Belize changes it's law, for

6 example, to make-...to make it, uh, e-e-easier for a creditor,

7 instead of impossible, easier for a creditor to come after

8 you. There's a provision in the trust called a flee clause –

9 F-L-E-E – which means that, uh...you-you will have the

10 power to say, "I am changing the tru-...the jurisdiction and

11 the trustee of this trust to 'blank' – wherever new

12 jurisdiction there is." Right now would be Nevis if we did-

13 if we ever did that. If it happened today, and so in a matter

14 of days, let's say a creditor comes in to-...attacks you in

15 Belize, and Belize has changed it's law or is changing, so...

16 your trust is now gone. It's no longer in Belize, it's now in

17 another jurisdiction.

18 U/C AGENT #6134: Uh-huh?

19 CARLOS KEPKE: That's a-...that's a standard clause in a-...in a-...in a asset

20 protection planning structure.

21 U/C AGENT #6134: Okay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: Huh-...I sh-...I-I touched on one other thing I need to tell
2 you too, Bob. Uh, no trustee...is going to, uh, have-have a
3 trust that directly holds US-based assets. In other words,
4 your trust would not be the party that owns the bank
5 account-...the new bank account with the million dollars in
6 it, 'cause it-...eh-eh- uh-uh- a-a foreign trustee will not do
7 that because they believe and-and I believe they may be
8 true, that they think that brings them within the jurisdiction
9 of the US laws, by virtue of owning assets in the US...

10 U/C AGENT #6134: 'Kay...

11 CARLOS KEPKE: So what they require, all trustees require that you tr-...you
12 create a corporation...that-...well, and we create a
13 corporation that is owned by the trust, and the assets are
14 actually lodged in that corporation, so we would have the
15 Belize trust that owns an off-shore corporation. The off-
16 shore corporation has the million dollars, it's the one that
17 gives the note, and it's the one's name on the bank account
18 on the-...in the Pennsylvania bank.

19 U/C AGENT #6134: (PUFFS)

20 CARLOS KEPKE: So the trust ends up being nothing more than a owner of a
21 corporation. You follow me?

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Not really. (CHUCKLES) Can you do that one (1) more
2 time? (CHUCKLES)
3 CARLOS KEPKE: (CHUCKLES) Yeah.
4 U/C AGENT #6134: (CHUCKLES)
5 CARLOS KEPKE: The way that-...the way-...what-what you and I have been
6 talking is-is that we would've-...we would-...we would end
7 up with your-...just dealing with your-...with your money
8 now. We would end up with a bank account in the
9 Pennsylvania bank, owned by the Robert Espers Trust,
10 //right?
11 U/C AGENT #6134: //'Kay.
12 CARLOS KEPKE: That's prob'ly what you've understood me to say.
13 U/C AGENT #6134: Yup, yup, I just-...I set up a new account, Robert Espers
14 [PHON.] Trust
15 CARLOS KEPKE: Right, okay, what I'm telling you now is that-that-...th-th-
16 this is-...this is just an administrative wrinkle.
17 U/C AGENT #6134: Okay.
18 CARLOS KEPKE: The trust-...no-...the trustee, the Belize trustee will not
19 allow...
20 U/C AGENT #6134: (SNIFFS)
21 CARLOS KEPKE: ...that to happen-...will not allow i-it's trustee to have a
22 trust that owns a US asset because it thinks that if it owns-

DRAFT TRANSCRIPT

1 if-if the Robert Espers Trust, a Belize trust owns the bank
2 account-...has a bank account, then that may bring the trust
3 within the jurisdiction of United States so that the courts of
4 this country could sue the trust or whatever it wants to do,
5 and they-they won't-...they will not allow that, so what they
6 say is, "okay, we will...we...the trust. We'll just create a
7 company. We will make a company," and they own it. You
8 know, and just create a-a little company, you know, call it
9 ABC Company and ABC Company is owned by the-
10 ...your-...the Robert Espers Trust – hundred (100%) percent
11 – and that's the entity that-that-that-that holds the bank
12 account now, so, tsk-...instead of the trust owning the bank
13 account, the ABC Company owned by the trust holds the
14 bank account and that keeps the trustee as an entity out of
15 the jurisdiction of the United States. You with me?
16 U/C AGENT #6134: Hmm... I'm gettin' there. I think //so.
17 CARLOS KEPKE: //Eh-... The reason they-...the reason they-they worry about
18 that is because they feel like if they're-...if they're under
19 jurisdiction of United States, and their trustee of millions of
20 dollars-...billions of dollars, that a simple little court-...l-
21 let's say in Pennsylvania can-can find them liable for
22 something and their entire base of assets, everything they

DRAFT TRANSCRIPT

1 own would be subject to the-...to the jurisdiction of United
2 States because that one trust actually had assets in the
3 United States. One of the w-...one of the ways that courts
4 get jurisdiction over companies or people, tsk-...is by-by
5 determining that they have US assets.

6 U/C AGENT #6134: Uh-huh...//‘kay.

7 CARLOS KEPKE: //Th-that-they-that-they say it gives them jurisdiction. Now
8 that’s-that’s a whole ‘nother different body of law that you
9 could argue and that’s-...I mean, we’re not gettin’ into that,
10 but it’s strong enough in the courts-...in the trustees-
11 foreign trustees opinion to say, “we are not owning-...in-
12 uh-n-none of our trusts are gonna own, directly, US assets.
13 We’re gonna make an-...duh- we’re gonna make a
14 corporation and we’ll own the corporation.” (SIGHS) It’s
15 a-...(SIGHS) that’s the deal-...I mean, it doesn’t-...it doesn’t
16 affect you any way at all and it doesn’t affect anything we
17 said.

18 U/C AGENT #6134: Uh-huh?

19 CARLOS KEPKE: You still-...you’re gonna still control the assets, you’re
20 gonna still-...you know, it-...blah-blah-blah-...you’re gonna
21 still have the bank account and everything is, like-...the
22 only-...the only way it affects you is if, number one, they’re

DRAFT TRANSCRIPT

1 gonna charge you for the creation of the corporation,
2 they're gonna charge you to...to...every...the annual fees to
3 keep it up, which are minimal – four (4), five-hundred
4 (\$500.00) dollars a year, somethin' like that.

5 U/C AGENT #6134: Okay. //Yeah.

6 CARLOS KEPKE: //That-...that's a little added cost of the structure.

7 U/C AGENT #6134: Okay. And it...//(SIGHS)

8 CARLOS KEPKE: //And...in a nutshell that's what-what I do.

9 U/C AGENT #6134: And then, they keep, like, who-who sets it-...all this stuff up
10 – you or them, or who-//who...

11 CARLOS KEPKE: //Me.

12 U/C AGENT #6134: You do //everything?

13 CARLOS KEPKE: //I set up the tr-...I set up the trust. I-...you and I get
14 together and...

15 U/C AGENT #6134: (SNIFFS)

16 CARLOS KEPKE: ...I-I ask a series of questions. I write the trust.

17 U/C AGENT #6134: 'Kay.

18 CARLOS KEPKE: I send it to you to look at. Uh, and if you approve it, you
19 know, then we-...

20 U/C AGENT #6134: //(SNIFFS)

21 CARLOS KEPKE: //...eh-y-you go get your cousin to sign it...

22 U/C AGENT #6134: 'Kay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...eh-...we get a-a cashier's check or wire, or whatever we
2 do, and we wire it-...and we send it...

3 U/C AGENT #6134: (SNIFFS)

4 CARLOS KEPKE: ...to the trustee in Belize, and they sign it, and there, now
5 you have a trust.

6 U/C AGENT #6134: 'Kay.

7 CARLOS KEPKE: And then it just-...coincidental with that, or-or-or whenever
8 you're actually gonna start funding the trust – by that-...by
9 funding I mean, uh-uhm...putting the million dollars in...

10 U/C AGENT #6134: 'Kay.

11 CARLOS KEPKE: ...selling assets to it, in other words. Uh, then, at that point
12 I will create a corporation and transfer the shares of that
13 corporation to the tr-...to the trustee so the trustee owns it-
14 the trust owns it. And you won't, uh-...you won't know
15 anything about it. I mean, y-you know, we'll figure out the
16 name of it, but that will be the name when you-...when you-
17 when we start operating by puttin' a million dollars in it.
18 That will be-...the bank account will be in the name of that
19 newly created corporation.

20 U/C AGENT #6134: It would be, just-...yeah, like Robert Esper.

21 CARLOS KEPKE: Whatever we want to call it.

22 U/C AGENT #6134: Okay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: I don't...obviously, I'm...I mean, talkin' 'bout it, I don't-

2 ...I do not particularly like the idea of Robert Esper Trust or

3 Robert Esper Corporation because if asset protection is-is-

4 is a...is-is a feature...

5 U/C AGENT #6134: (SNIFFS)

6 CARLOS KEPKE: ...uh, why broadcast the fact (CHUCKLES) that your

7 name's //on it, I'd call it-like...

8 U/C AGENT #6134: //Uh-huh, that's a good point.

9 CARLOS KEPKE: ...Excalibur Trust, or something like that, you know-...

10 U/C AGENT #6134: Okay.

11 CARLOS KEPKE: //(UNINTELLIGIBLE)...

12 U/C AGENT #6134: //Yeah, Excalibur or somethin', okay.

13 CARLOS KEPKE: Okay.

14 U/C AGENT #6134: Yeah.

15 CARLOS KEPKE: Okay.

16 U/C AGENT #6134: No, that's-...that makes sense-...I mean, who all knows

17 about it then, I guess, speakin' of //privacy. (SNIFFS)

18 CARLOS KEPKE: //The only people who-...n-nobody knows about it except

19 two (2) people in the-...in the situation we're talkin' 'bout.

20 One (1), the Internal Revenue Service knows about because

21 your cousin will file a form...

22 U/C AGENT #6134: 'Kay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: They know that-...they know about it. Number two (2),
2 your bank know about that-...well, your bank won't
3 necessarily know about it. The bank will know that-...the
4 bank will know that...that there is a foreign corporation
5 involved. It depends on what your bank wants. If your bank
6 wants to know who owns the foreign corporation then
7 you'll have to say it's owned by a-a- by the Excalibur
8 Trust.
9 U/C AGENT #6134: 'Kay.
10 CARLOS KEPKE: So your bank will know. Other than that, nobody knows
11 other than who that you tell 'em.
12 U/C AGENT #6134: Do I have to worry about the IRS thing though, those
13 //guys? Yeah? (SNIFFS) Okay.
14 CARLOS KEPKE: //No, no, no, no, no, no, no, I got them-...I got them
15 hundreds of billions-...not millions, but lots of trust-uh-
16 nuh-it's just an information filing.
17 U/C AGENT #6134: //Uh-huh...
18 CARLOS KEPKE: //You know, it just-...l-let-...now, if-if-if you were Pablo
19 Escobar...
20 U/C AGENT #6134: //(LAUGHS)
21 CARLOS KEPKE: //...and you filed it, but, yeah, then you would-...you-you'd
22 have to worry about it.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: (LAUGHS) Far from that, my friend. I'm just-...believe me,
2 my dad's taught me a long time, "stay away from those
3 guys as much as //possible..."

4 CARLOS KEPKE: //Yes.

5 U/C AGENT #6134: ...so... (SNIFFS)

6 CARLOS KEPKE: Right.

7 U/C AGENT #6134: //L-...

8 CARLOS KEPKE: //Anyway, that's what I do. //So-so you can-...you can be...

9 U/C AGENT #6134: //Less interaction the better.

10 CARLOS KEPKE: ...thinkin' about if you-you wanna do the tax deal or you
11 can just do, like, what you initially called it, that was an
12 asset protection trust. //(UNINTELLIGIBLE)...

13 U/C AGENT #6134: //Here, let me think about that – what'll end up being in
14 boast [PHON.]. I mean, with (SIGHS)-...you said to fund it,
15 'cause obviously he doesn't-...I mean, my cousin doesn't
16 have a whole lot. I gotta figure out how to //get in-...

17 CARLOS KEPKE: //I'll tell you how.

18 U/C AGENT #6134: //Okay.

19 CARLOS KEPKE: //I'll tell you how.

20 U/C AGENT #6134: Okay.

21 CARLOS KEPKE: What you do, is in-...in a-...in a-...it-it-it is
22 important that you do this because this is the ba-...it-it's-...if

DRAFT TRANSCRIPT

1 you don't do it the way I tell you, uh, then-then the-the
2 whole trust is //(UNINTELLIGIBLE / STAMMERS)...
3 U/C AGENT #6134: //(SNIFFS)
4 CARLOS KEPKE: What you don't want is the Internal Revenue Service ever
5 to audit you and-and-and that would be, number one,
6 highly unusual. Less than one (1%) percent of the people
7 get-...uh-...and I've never had it. I have never had a client
8 audited.
9 U/C AGENT #6134: Wow.
10 CARLOS KEPKE: Eh-...
11 U/C AGENT #6134: 'Kay.
12 CARLOS KEPKE: A-a-as a result of my-of-of-of a trust. I mean, tons of
13 clients audited but not because of the creation of the trust.
14 Th-they just got audited, //you know?
15 U/C AGENT #6134: //Uh-huh...
16 CARLOS KEPKE: Whatever, because they're rich people usually. Anyways,
17 and the trust has never been challenged in any-any of my
18 clients. But, what you-...what you don't want is-is the-the
19 ability to the I-...for the IRS or anybody to go and say,
20 "your cousin didn't really create this trust. You created the
21 trust 'cause you gave him the money."
22 U/C AGENT #6134: Uh-huh...

DRAFT TRANSCRIPT

1 CARLOS KEPKE: And that makes you the creator. And that's...and that's
2 exactly the-...and therefore, you're the creator. All the tax
3 benefits are demolished, you've been making all these
4 gains and not paying taxes and you should've paid taxes on
5 it, and you're in big trouble because you didn't...because
6 you are the creator and you didn't pay taxes on it. So, you
7 wanna be sure that you're not the creator. So the way, uh...
8 the way you do this is-...eh-...is-...a-and if you're gonna do
9 it, you gotta do it as quick as you can. I'll tell you why in a
10 minute. Tsk-...let's say, and I'll just use an example, let's
11 say that your cousin, uhm, has a...car or a painting or a
12 piece of furniture or something that you like. You buy it
13 from him. Tsk-...and if you don't pay him seventy-five-
14 hundred (\$7,500.00) dollars. You pay him...you know,
15 eight-thousand-seven (\$8,007.00) dollars or whatever – not
16 the same amount of money that he's gonna create the trust
17 with, if you follow me.

18 U/C AGENT #6134: 'Kay...

19 CARLOS KEPKE: And you buy it and-and you take it, and you get-...I mean,
20 you give him a little some-...a little-...have a written
21 document that shows that you bought it.

22 (BEEPING SOUND OVERLAPS)

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...from him and you take possession, whatever it is – a car,
2 I...you know, (STAMMERS)...I mean, I'm just using an
3 example, you-you'll //have to figure out exactly
4 (UNINTELLIGIBLE)...

5 U/C AGENT #6134: //Yeah, yeah, I don't wanna take his car. I'm tryin'a think if
6 he has anything that's really... (SIGHS)

7 CARLOS KEPKE: Well, and you can't...y...and you can't just give him a
8 gift. Y-you can't-I'm givin' a g-I'm making you a gift of
9 ten-thousand (\$10,000.00) dollars and then, you know, one
10 week later, seventy-five-hundred (75,000) of it is put in
11 trust. That-that won't work.

12 U/C AGENT #6134: 'Kay.

13 CARLOS KEPKE: You wanna-...you wanna-...you wanna buy it-...you wanna
14 buy a tangible asset from him that you can get. Uhm...

15 U/C AGENT #6134: Huh...

16 CARLOS KEPKE: No, you can buy the car from him, but just, uh-...and-and
17 get an-and get the deed to the car but just don't take
18 possession of it 'til he dies.

19 U/C AGENT #6134: 'Kay.

20 CARLOS KEPKE: He can keep the car to keep usin' it but, you know, you-you
21 own it. I want-...the document shows you own it.

22 U/C AGENT #6134: //'Kay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: //You get-...you get the deed, the title to the car.

2 U/C AGENT #6134: Uh-huh...

3 CARLOS KEPKE: To use a car as an example. That-...I mean, that's the-

4 ...that's the way you transfer the money to him and-and-and

5 you don't transfer the exact same amount of money he's

6 gonna put in the trust which would be seventy-five-hundred

7 (\$7,500.00) dollars, prob'ly.

8 U/C AGENT #6134: 'Kay. Yeah, I'm tryin' to think of somethin' I can buy from

9 him that he'd wanna get rid of, uhm...that it's worth

10 anything. He didn't have a whole lot. Uhm...

11 CARLOS KEPKE: I have to leave that one in your lap.

12 U/C AGENT #6134: Yeah, okay.

13 CARLOS KEPKE: //Yeah.

14 U/C AGENT #6134: //Go ahead, keep explainin' it then.

15 CARLOS KEPKE: I'm sorry?

16 U/C AGENT #6134: The-...you were still explainin' this. So, I give him

17 whatever, ten (\$10,000.00) grand...

18 CARLOS KEPKE: That's it.

19 U/C AGENT #6134: (SNIFFS)

20 CARLOS KEPKE: That's it.

21 U/C AGENT #6134: Okay.

22 CARLOS KEPKE: So now-...so-...uh-...you've given him...

DRAFT TRANSCRIPT

1 U/C AGENT #6134: (SNIFFS)

2 CARLOS KEPKE: You bought somethin' from him and so-...and you've given

3 him money for it and you got a-...some written evidence

4 that you own whatever you bought, //and then...

5 U/C AGENT #6134: //'Kay.

6 CARLOS KEPKE: ...and-and, you know, what I was gonna say is the greater

7 the length of time between the point at which you buy

8 somethin' from him and that he f-forms the trust, the better.

9 U/C AGENT #6134: 'Kay.

10 CARLOS KEPKE: I-...you know, I-I prefer he didn't do it the next day, if you

11 follow me.

12 U/C AGENT #6134: I got you. Yeah, 'cause then people will start lookin' at it

13 and sayin', "what the heck are you doin'," //you know?

14 (SNIFFS)

15 CARLOS KEPKE: //Well, yeah, I mean, that's sort of what's weird, you

16 know?

17 U/C AGENT #6134: Yeah, yeah, I don't wanna //raise any red flags.

18 CARLOS KEPKE: //(UNINTELLIGIBLE)... Yeah.

19 U/C AGENT #6134: No.

20 CARLOS KEPKE: It's not-eh-eh-I mean, i-it would still stand up...

21 U/C AGENT #6134: Okay.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: ...because it-...because you really did it. You really did buy
2 somethin', he really did form a trust, and he really is your
3 cousin.

4 U/C AGENT #6134: Mmm-hmm...

5 CARLOS KEPKE: A-all of which you-but-i-it-why-why give him anything to
6 even-eh-eh-you know, oh-eh-let me understand, I'm-I'm
7 being very conservative here, very, very conservative
8 'cause I just-...you know, I'm-I'm lookin' ahead. I don't-
9 uh-uh-not for a moment do I think that you would be-...eh-
10 eh-be-this trust would ever be analyzed or audited or
11 anything. Never would I ever say-...now, if we were puttin'
12 four-hundred (400) million in it I'd be, uh...really careful
13 (CHUCKLES) about it, //you know what I'm sayin'?

14 U/C AGENT #6134: //Yeah, yup, yup. (SNIFFS)

15 CARLOS KEPKE: Okay.

16 U/C AGENT #6134: Yeah, okay, uhm...okay, so that-...

17 CARLOS KEPKE: So think about it.

18 U/C AGENT #6134: (SNIFFS) Yeah, no, //this is good.

19 CARLOS KEPKE: //I should tell you-...I should tell you my costs.

20 U/C AGENT #6134: 'Kay, yup.

21 CARLOS KEPKE: I char-...I-...maybe you know.

22 U/C AGENT #6134: (SNIFFS)

DRAFT TRANSCRIPT

1 CARLOS KEPKE: Maybe Robert said-...uh, maybe Clint told you, but in any
2 event, I charge twenty-five-thousand (\$25,000.00) dollars
3 for the trust.

4 U/C AGENT #6134: 'Kay.

5 CARLOS KEPKE: Uh, and I charge-...and I charge three-thousand (\$3,000.00)
6 dollars to create the foreign corporation that we will need-
7 the corporation that we will need, as I explained earlier...

8 U/C AGENT #6134: //'Kay.

9 CARLOS KEPKE: //And-and-and-and your costs after that are...the-...once
10 you funded it, i-is the annual trustee fee, which is prob'ly
11 gonna be around three-thousand (3,000), somewhere like
12 that, a year. And the upkeep of the corporation which is
13 gonna be somewhere around six (6) or seven-hundred (700)
14 dollars a year. So your cost is gonna be somewhere in the
15 range of thirty-five-hundred (3,500) to forty-five-hundred
16 (\$4,500.00) dollars a year for the upkeep //of the deal...

17 U/C AGENT #6134: //'Kay.

18 CARLOS KEPKE: ...of the structure. Then I charge, in addition to the twenty-
19 five-thousand (25,000) for the tr-...I charge my time...and
20 you control that, I charge my time at six-hundred (\$600.00)
21 dollars an hour. My time is used-...having done this for-

DRAFT TRANSCRIPT

1 uh... I can tell you that my time involves such things as
2 dealing with your cousin's CPA...

3 U/C AGENT #6134: 'Kay.

4 CARLOS KEPKE: ...about filing the forms-...the form, uhm...i-i-i-if I need
5 to do that, I mean, if he doesn't-...if he wants to do it on our
6 own then there's no time involved for me there.

7 U/C AGENT #6134: //'Kay.

8 CARLOS KEPKE: //But y-you control my time. I mean, if you call me and you
9 wanna talk about somethin' or you got a idea you want me
10 tell you-what-what...(SIGHS) thinking about buying this
11 ranch or this new business and you-you know, and I get
12 involved and givng you advice about how to do it with a
13 trust then I'm runnin' the clock on you.

14 U/C AGENT #6134: Uh-huh...

15 CARLOS KEPKE: So, that-that-th- eh...

16 U/C AGENT #6134: You are an attorney, Carlos? //(CHUCKLES)

17 CARLOS KEPKE: //(CHUCKLES) I am an attorney, yes I am. So,
18 (STAMMERS)... I just didn't want you surprised and I
19 have you-...and I have you sign a fee agreement...

20 U/C AGENT #6134: Okay.

21 CARLOS KEPKE: ...before we do anything. It explains that all-...it says just
22 basically what I told you.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Now, does the twenty-five (\$25,000.00) K, does that cover,
2 like some of this time of us, you know, like if we need to
3 talk about the trusts and stuff like that?

4 CARLOS KEPKE: Eh...well...if you're talkin' about, like, this conversation?

5 U/C AGENT #6134: Yeah, like this type of stuff, I mean, I'm gonna have more
6 questions, clearly. You know, I mean, this is-...this is-...this
7 is a lot to take in, especially somebody like me who doesn't
8 know anything about this kinda stuff. You know, like, if we
9 need to talk and stuff like that, how does that work?

10 CARLOS KEPKE: Uh, well, o-o-once you signed a fee agreement and I started
11 the trust, then further advice is charged.

12 U/C AGENT #6134: Okay, that's fair.

13 CARLOS KEPKE: What I-...what I've told you now is free, but I don't wanna,
14 eh-eh-give you too much more advice because that'll-...I
15 mean, you can-...I wouldn't want you take-take my brilliant
16 idea and go to another lawyer, which you'll prob'ly have a
17 hell of a time findin' a lawyer.

18 U/C AGENT #6134: I was gonna say, //Carlos...

19 CARLOS KEPKE: //(UNINTELLIGIBLE)...

20 U/C AGENT #6134: ...eh- I-I couldn't explain what you just explained to me
21 anyways. (CHUCKLES) I'm not goin' anywhere, man.
22 (CHUCKLES) That's it.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: Okay.

2 U/C AGENT #6134: It's you or nothin'.

3 CARLOS KEPKE: Well, I think...

4 U/C AGENT #6134: //(CHUCKLES)

5 CARLOS KEPKE: //I think now that we've talked, if you go back and look at

6 my website again and some of those links to it...

7 U/C AGENT #6134: Yeah.

8 CARLOS KEPKE: ...it'll make a lot more sense to you now that I've-...we've

9 had this conversation.

10 U/C AGENT #6134: Yeah, it definitely-...and you said people that'll know –

11 obviously, you're gonna know about this and the //trustee

12 too, right?

13 CARLOS KEPKE: //Well, you (UNINTELLIGIBLE)...

14 U/C AGENT #6134: Okay, and I'm-I'm just wonderin', like, so...

15 CARLOS KEPKE: And the trustee's gonna know...

16 U/C AGENT #6134: //Okay.

17 CARLOS KEPKE: //...obviously.

18 U/C AGENT #6134: You keep copies of all my stuff and stuff like that? I take

19 //it, like, hold-...

20 CARLOS KEPKE: //Keep everything, yeah. //Yes, I do.

21 U/C AGENT #6134: //Okay, okay, good.

DRAFT TRANSCRIPT

1 CARLOS KEPKE: Yeah, you will-...you will-...you will get-a-a-and-and once
2 it's done, you will get-uh-...your cousin will sign...

3 U/C AGENT #6134: //(SNIFFS)

4 CARLOS KEPKE: ...the trust – three-three (3) originals.

5 U/C AGENT #6134: 'Kay.

6 CARLOS KEPKE: Uh, one (1) will be retained by the trustee, one (1) will be
7 retained by me, and one (1) will be retained by you or your
8 cousin, depending on, obviously, prob'ly you.

9 U/C AGENT #6134: //Mmm-hmm...

10 CARLOS KEPKE: //But, you know...

11 U/C AGENT #6134: (SNIFFS) Yeah.

12 CARLOS KEPKE: A-ah-or-you know, you...

13 U/C AGENT #6134: (SNIFFS)

14 CARLOS KEPKE: ...we'll-...uh-...one (1) will be retained by either you or
15 your cousin.

16 U/C AGENT #6134: 'Kay.

17 CARLOS KEPKE: So, a-and...

18 (SHUFFLING)

19 CARLOS KEPKE: That's the only document there is except the, eh,
20 corporation papers of the-...of the-...of the company, which,
21 uh, will be-...the originals will be in the hands of the trustee
22 'cause he owns the company.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: Uh-huh...

2 CARLOS KEPKE: And I will have copies and if you want copies, you'll have-

3 I'll make copies for you. They're not...I mean, uhm-

4 they're just a corp...Articles of Incorporation y-y-you-

5 you've created LLC's before. I usually create that

6 corporation in Nevis...not in...not in Belize, uh, the reason

7 being is that's a...that's another asset protection, uh...point.

8 Uhm, when you do asset protection planning, i-i'ts known

9 as one of the best ways to keep, uh, creditors...and-uh-

10 make it diff-f-f-for-difficult for creditors. It's just use

11 different jurisdictions for dish-...for different parts of the

12 structure so that, for example, and-and I mean, this is not

13 gonna apply to your case, I wouldn't think, but, you know,

14 if-if you were much more high risk it might. So, for

15 example, a creditor might find out that we have an...that

16 we have a Nevis bank account in the bank in Pennsylvania,

17 but they wouldn't know that the tr-...that there was a trust,

18 and if they did know there was a trust they wouldn't

19 necessarily know that it was a trust-...it was in Belize.

20 U/C AGENT #6134: Uh-huh...

21 CARLOS KEPKE: Or, visa versa, they might find out that there's a Belize trust

22 somewhere, but they wouldn't necessarily know that there

DRAFT TRANSCRIPT

1 would-...eh-...they wouldn't be-...if they were lookin' for a
2 bank account, then they wouldn't be lookin' for an-...for a
3 bank account of a Nevis corporation.

4 U/C AGENT #6134: Uh-huh...

5 CARLOS KEPKE: Because-...so you're-...and that's-that's the only reason
6 that-...and-and besides, it's cheaper. A-a Nevis trust, a
7 Nevis corporation is-is cheaper than, uh...than-...for
8 example, one in Bermuda.

9 U/C AGENT #6134: Okay.

10 CARLOS KEPKE: Or...England or wherever your-...else you might wanna do
11 it. That's why. And, uh-uh...Nevis is...Nevis, like Belize is
12 known for its asset protection laws. Nevis is known for its
13 inexpensive LLC laws-...LLC Incorporations. That could
14 change. For years-...for years up until about ten (10) years
15 ago I used the British Virgin Islands...

16 U/C AGENT #6134: Uh-huh...

17 CARLOS KEPKE: ...'cause they were the cheapest. Uh, they-...strangely
18 enough, the British Virgin Islands is-...to this day, does not
19 have an LLC law.

20 U/C AGENT #6134: Huh...

21 CARLOS KEPKE: So when LLCs became the popular way to do it, which is-
22 uh-uh- and then Nevis smartly decided to, uh, they create

DRAFT TRANSCRIPT

1 that law, so they're widely used throughout the country by
2 people that do this kind of stuff. As for visiting there,
3 you're not-...have you ever been to Belize?
4 U/C AGENT #6134: I have not. No.
5 CARLOS KEPKE: You heard about it, I'm sure.
6 U/C AGENT #6134: Yeah, it sounds like a place I'd like to go visit.
7 (CHUCKLES)
8 CARLOS KEPKE: A-are you a diver? Are you a SCUBA diver?
9 U/C AGENT #6134: I have dived before. I've dived down in the Turks and
10 Caicos.
11 CARLOS KEPKE: Yeah, well, Belize is-...Belize is known for it as well.
12 U/C AGENT #6134: Okay. (SNIFFS)
13 CARLOS KEPKE: Uh, and it-...and it's ea-...well, it's easy to get to from-from
14 here.
15 U/C AGENT #6134: Yeah.
16 CARLOS KEPKE: From Houston, anyways, but it's easy to get to. It's not way
17 far off. Nevis on the other hand is a little more difficult to
18 get to but it's gorgeous. It's beautiful. It's right on the
19 water, it's a gorgeous little country.
20 U/C AGENT #6134: So are we gonna meet down in Belize? //(CHUCKLES)
21 CARLOS KEPKE: //(CHUCKLES) You can do that. Y-you can meet in Nevis
22 whatever, but, uh...probably not.

DRAFT TRANSCRIPT

1 U/C AGENT #6134: (CHUCKLES)

2 CARLOS KEPKE: Any event, think about it, my friend...

3 U/C AGENT #6134: //Okay.

4 CARLOS KEPKE: //...if you have any more questions, call me and let me

5 know what you think.

6 U/C AGENT #6134: I will. Let me digest all this and I'll definitely be back with

7 ya' and, yeah, I mean, I think that'd be helpful. You said

8 that the-...I can meet with the trustees too at some point and

9 talk to them and kinda...

10 CARLOS KEPKE: Absolutely.

11 U/C AGENT #6134: ...figure out who I'm dealin' with too. Uhm, (SNIFFS)

12 yeah, I mean, either-...whether I meet him up here or Tex-

13 go down there and do some divin', one way or the other...

14 (SNIFFS)

15 CARLOS KEPKE: Or Miami.

16 U/C AGENT #6134: Or Miami, yeah.

17 CARLOS KEPKE: They go to Miami a lot. They'll come to Houston. They'll

18 prob'ly come to Pennsylvania, but they-they prefer to come

19 to either Houston or Miami.

20 U/C AGENT #6134: Okay. (SNIFFS) Yeah, we can-...we can do that. That'll

21 work too. Uhm, well, I appreciate very much, Carlos. This

22 has been helpful. Uhm...yeah, I'll be back in touch with

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